

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-12480 (LSS)

(Jointly Administered)

Objection Deadline:

April 8, 2025 at 4:00 p.m. (ET)

**SUPPLEMENT OF YOUNG CONAWAY
STARGATT & TAYLOR, LLP TO DEBTORS' FIRST INTERIM FEE APPLICATION**

Young Conaway Stargatt & Taylor, LLP (“Young Conaway” or the “Firm”), co-counsel to the above-captioned debtors and debtors in possession (collectively, the “Debtors”), hereby supplements the *First Interim Fee Application of Young Conaway Stargatt & Taylor, LLP* (the “First Interim Application”) for the period from November 3, 2024 through and including January 31, 2025 (the “Application Period”) by attaching, as **Exhibits A** through **E** hereto, certain

¹ The Debtors in these chapter 11 cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy’s Newco, LLC (5404), Buddy’s Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies “Plus”, LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors’ headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

schedules requested by the *Appendix B Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under United States Code by Attorneys in Larger Chapter 11 Cases* (the “UST Guidelines”). In addition, Young Conaway respectfully states as follows to address the questions set forth under section C.5 of the UST Guidelines:

- a. During the Application Period, Young Conaway did not agree to any variations from, or alternatives to, its standard or customary billing rates, fees, or terms.
- b. The fees sought by Young Conaway in the First Interim Application are not more than 10% higher than the fees budgeted for Young Conaway for the Application Period.
- c. The professionals included in the First Interim Application did not vary their hourly rates based on the geographic location of the bankruptcy cases.
- d. The First Interim Application did not include any fees dedicated to revising time records or preparing and revising invoices that would not normally be compensable outside of bankruptcy.
- e. The time period covered by the First Interim Application includes approximately 5.50 hours with a value of \$6,052.00 spent by Young Conaway to ensure that the time entries subject to the First Interim Application comply with the Local Rules of the United States Bankruptcy Court for the District of Delaware and do not disclose privileged or confidential information. This review, and any revisions associated therewith, are a necessary component of Young Conaway’s preparation of each monthly fee application.
- f. The First Interim Application includes rate increases as of January 1, 2025, as reflected in that certain *Notice of Annual Rate Increase of Young Conaway Stargatt & Taylor, LLP* [Docket No. 476]

[Remainder of page intentionally left blank.]

Dated: March 18, 2025
Wilmington, Delaware

/s/ Allison S. Mielke

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*Proposed Co-Counsel to the Debtors
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EXHIBIT A**CUSTOMARY AND COMPARABLE
COMPENSATION DISCLOSURES**

Young Conaway's hourly rates for bankruptcy services are comparable to the hourly rates charged in complex chapter 11 cases by similarly skilled bankruptcy attorneys. In addition, Young Conaway's hourly rates for bankruptcy services are comparable to the rates charged by the Firm for other complex corporate and litigation matters. The rates charged by the Firm for the services performed in the prior calendar year in the practice areas that are comparable to the services performed by the Bankruptcy and Corporate Restructuring section—namely, Corporate Counseling and Litigation, Business Planning, and Intellectual Property Litigation—are set forth below. Also included below is the 2024 blended hourly rate information for all sections of the Firm, excluding the Bankruptcy and Corporate Restructuring section and the Personal Injury and Workers' Compensation section.

| Category of Timekeeper | Blended Hourly Rate |
|-------------------------------|----------------------------|
|-------------------------------|----------------------------|

| | Billed In comparable practice areas for preceding calendar year ¹ | Billed Firm-wide for preceding calendar year ² | Billed This Application |
|--------------------|---|---|-----------------------------------|
| Partner | \$971 | \$998 | \$1,171.10 |
| Counsel | \$773 | \$685 | N/A |
| Associate | \$551 | \$542 | \$618.84 |
| Paralegal | \$359 | \$235 | \$378.73 |
| Aggregated: | \$715 | \$705 | \$714.85 |

¹ This column reflects the blended 2024 hourly rates charged by the Firm for complex corporate and litigation matters in the following sections of the Firm: Corporate Counseling and Litigation, Business Planning, and Intellectual Property Litigation.

² This column excludes blended hourly rates for the Bankruptcy and Corporate Restructuring section and the Personal Injury and Workers' Compensation section.

EXHIBIT B**SUMMARY OF TIMEKEEPERS INCLUDED IN THE
FIRST INTERIM APPLICATION**

| Name | Title | Department | Date of First Admission | Fees Billed in the Application Period (\$) | Hours Billed in the Application Period | Hourly Rate Billed in the Application Period (\$) |
|---------------------|--------------|-------------------------|--------------------------------|---|---|--|
| Craig D. Gear | Partner | Business Planning & Tax | 1990 | \$1,120.00 | 0.80 | \$1,400.00 |
| James P. Hughes | Partner | Business Planning & Tax | 1992 | \$560.00 | 0.40 | \$1,400.00 |
| Edmon L. Morton | Partner | Bankruptcy | 1999 | \$314,334.00 | 255.90 | \$1,200.00 |
| Sean M. Beach | Partner | Bankruptcy | 2000 | \$5,187.00 | 4.20 | \$1,290.00 |
| Matthew B. Lunn | Partner | Bankruptcy | 2001 | \$200,393.00 | 176.70 | \$1,235.00 |
| Michael S. Neiburg | Partner | Bankruptcy | 2009 | \$61,381.00 | 59.80 | \$1,110.00 |
| Allison S. Mielke | Partner | Bankruptcy | 2013 | \$288,126.00 | 356.90 | \$1,190.00 |
| Shella Borovinskaya | Associate | Bankruptcy | 2021 | \$199,459.50 | 346.30 | \$995.00 |
| Mariam Khoudari | Associate | Bankruptcy | 2021 | \$132,092.00 | 224.80 | \$1,075.00 |
| Kristin L. McElroy | Associate | Bankruptcy | 2022 | \$131,667.00 | 240.40 | \$780.00 |
| Renae P. Pagano | Associate | Bankruptcy | 2022 | \$3,286.00 | 6.20 | \$860.00 |
| Jennifer E. Reeve | Associate | Tax, Trusts & Estates | 2023 | \$91.00 | 0.20 | \$565.00 |
| Brynna M. Gaffney | Associate | Bankruptcy | 2024 | \$80,892.00 | 175.50 | \$615.00 |
| Debbie Laskin | Paralegal | Bankruptcy | - | \$4,235.00 | 11.00 | \$530.00 |
| Branda Walters | Paralegal | Bankruptcy | - | \$4,042.50 | 10.50 | \$580.00 |
| Beth A. Olivere | Paralegal | Bankruptcy | - | \$101,062.00 | 267.20 | \$375.00 |
| Monica Fratticci | Paralegal | Info. & Tech. | - | \$55.50 | 0.30 | \$385.00 |
| Patrick M. Foss | Paralegal | Info. & Tech. | - | \$87.50 | 0.50 | \$185.00 |
| TOTALS | | | | \$1,528,071.00 | 2,137.60 | |

EXHIBIT C**BUDGET AND STAFFING PLAN**

| BUDGET NOVEMBER 2024 – JANUARY 2025 | | |
|---|------------------------|-----------------------|
| Project Category | Estimated Hours | Estimated Fees |
| Case Administration (B001) | 223.20 | \$153,760.60 |
| Court Hearings (B002) | 535.70 | \$379,555.20 |
| Cash Collateral/DIP Financing (B003) | 111.60 | \$79,074.00 |
| Schedules & Statements, U.S. Trustee Reports (B004) | 111.60 | \$79,074.00 |
| Lease/Executory Contract Issues (B005) | 178.60 | \$126,518.40 |
| Use, Sale or Lease of Property (363 issues) (B006) | 178.60 | \$126,518.40 |
| Claims Analysis, Objections and Resolutions (B007) | 44.60 | \$31,629.60 |
| Meetings (B008) | 111.60 | \$79,074.00 |
| Stay Relief Matters (B009) | 11.20 | \$7,907.40 |
| Reclamation Claims and Reclamation Adversaries (B010) | 0.00 | \$0.00 |
| Other Adversary Proceedings (B011) | 111.60 | \$79,074.00 |
| Plan and Disclosure Statement (B012) | 223.20 | \$158,148.00 |
| Creditor Inquiries (B013) | 44.60 | \$31,629.60 |
| General Corporate Matters (B014) | 22.30 | \$15,814.80 |
| Employee Matters (B015) | 44.60 | \$31,629.60 |
| Asset Analysis (B016) | 0.00 | \$0.00 |
| Retention of Professionals/Fee Issues (B017) | 223.20 | \$158,148.00 |
| Fee Application Preparation (B018) | 22.30 | \$15,814.80 |
| Travel (B019) | 22.30 | \$15,814.80 |
| Utility Services (B020) | 22.30 | \$15,814.80 |
| Total | 2,243.10 | \$1,585,000.00 |

| STAFFING PLAN | | | | |
|---|--|--|--|---------------------------------|
| Category of Timekeeper | | | Number of Timekeepers Expected to Work on the Matter During the Budgeted Period | Average Rate¹ |
| Partner | | | 2 | \$1,247.00 |
| Counsel | | | N/A | N/A |
| Associate (7 or more years since first admission) | | | 1 | \$780.00 |
| Associate (4-6 years since first admission) | | | 2 | \$565.00 |
| Associate (less than 4 years since first admission) | | | 2 | \$506.00 |
| Paralegal | | | 1 | \$375.00 |
| | | | | |
| ¹ The Average Hourly Rate is a weighted average based on the individual hourly rate of, and projected number of hours worked by, each timekeeper over the course of the Budgeted Period. | | | | |

EXHIBIT D**SUMMARY OF COMPENSATION AND EXPENSE REIMBURSEMENT**

| | Project Category | Hours Billed | Fees Sought |
|-------|--|---------------------|-----------------------|
| B001 | Case Administration | 191.80 | \$117,652.00 |
| B002 | Court Hearings | 520.00 | \$386,987.50 |
| B003 | Cash Collateral/DIP Financing | 83.60 | \$71,510.50 |
| B004 | Schedules & Statements, U.S. Trustee Reports | 113.00 | \$70,446.50 |
| B005 | Lease/Executory Contract Issues | 168.50 | \$98,724.00 |
| B006 | Use, Sale or Lease of Property (363 issues) | 158.60 | \$125,197.50 |
| B007 | Claims Analysis, Objections and Resolutions | 33.50 | \$21,384.00 |
| B008 | Meetings | 121.30 | \$89,784.50 |
| B009 | Stay Relief Matters | 16.60 | \$10,194.50 |
| B011 | Other Adversary Proceedings | 102.90 | \$80,224.50 |
| B012 | Plan and Disclosure Statement | 256.30 | \$213,628.00 |
| B013 | Creditor Inquiries | 19.60 | \$10,795.50 |
| B014 | General Corporate Matters | 3.10 | \$1,781.00 |
| B015 | Employee Matters | 3.50 | \$1,758.50 |
| B017 | Retention of Professionals/Fee Issues | 281.40 | \$187,234.00 |
| B018 | Fee Application Preparation | 5.50 | \$6,052.00 |
| B020 | Utility Services | 33.20 | \$18,836.00 |
| B190 | Other Contested Matters | 7.60 | \$7,526.00 |
| BN010 | Appeal | 14.90 | \$7,139.50 |
| BN011 | Disclosure/Discovery | 2.70 | \$1,215.00 |
| | Total | 2,137.60 | \$1,528,071.00 |

| SUMMARY OF EXPENSE REIMBURSEMENT | |
|---|--------------------|
| | Amount (\$) |
| AP Outside Duplication Services | \$10,086.95 |
| Computerized Legal Research/WESTLAW | \$706.31 |
| Delivery/Courier | \$1,247.00 |
| Deposition/Transcript | \$6,859.95 |
| Docket Retrieval/Search | \$656.50 |
| Filing Fee | \$1,370.00 |
| Postage | \$18.48 |
| Reproduction Charges | \$5,180.90 |
| Working Meals | \$2,841.43 |
| TOTAL | \$28,967.52 |

EXHIBIT E

| SUMMARY OF FIRST INTERIM APPLICATION | |
|--|---|
| Name of Applicant | Young Conaway Stargatt & Taylor, LLP |
| Name of Client | Debtors and Debtors in Possession |
| Time period covered by First Interim Application | November 3, 2024 through January 31, 2025 |
| Total compensation sought during the First Interim Application Period | \$1,528,071.00 |
| Total expenses sought during the First Interim Application Period | \$28,967.52 |
| Petition Date | November 3, 2024 |
| Retention Date | November 3, 2024 |
| Date of order approving employment | January 10, 2025 |
| Total compensation approved by interim order to date | N/A |
| Total expenses approved by interim order to date | N/A |
| Total allowed compensation paid to date | \$0.00 |
| Total allowed expenses paid to date | \$0.00 |
| Blended rate in the First Interim Application for all attorneys | \$767.59 |
| Blended rate in the First Interim Application for all timekeepers | \$714.85 |
| Compensation sought in the First Interim Application already paid (or to be paid) pursuant to a monthly compensation order but not yet allowed | \$1,222,456.80 |
| Expenses sought in the First Interim Application already paid (or to be paid) pursuant to a monthly compensation order but not yet allowed | \$28,967.52 |
| Number of professionals included in the First Interim Application | 18 |
| If applicable, number of professionals in the First Interim Application not included in staffing plan approved by client | 10 |
| If applicable, difference between fees budgeted and compensation sought during the Application Period | Budget: \$1,585,000.00 Amount Sought: \$1,528,071.00 |
| Number of professionals billing fewer than 15 hours to the case during the Application Period | 9 |
| Are any rates higher than those approved or disclosed at retention? | No |